GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4482
ANSWERED ON:17.12.2009
FINANCIAL ASSISTANCE TO FPI
Das Shri Bhakta Charan

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government is providing grant-in-aid to the implementing agencies for Infrastructure Development of Food Processing Industries in the country; if so, the details thereof along with the amount of grant-in- aid provided to each State during the last three years;

(b) the manner in which the Government is disbursing the approved amount to various Food Processing Industries for this purpose;

(c) whether a special package has been worked out for the upliftment of Tribal areas of Orissa under this Scheme; and

(d) if so, the details thereof?

Answer

THE MINISTER OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a): Yes. Government is providing financial assistance in the form of grant-in-aid to the implementing agencies for infrastructure development of food processing industries in the country. Regarding Establishing/Modernization of Abattoirs in country, Ministry extends financial assistance with the involvement of local bodies (Municipal Corporations and Panchayats) and this will have the flexibility for the involvement of Private Investors/Exporters/FDI on a Built-Operate-Own (BOO)/Built-Operate- Transfer (BOT)/Joint Venture (JV) basis.

(b)
(i) Mega Food Park Scheme: This is one of the Scheme under infrastructure development schemes for 11th Plan Period. Financial assistance up to 50% of project cost excluding land component in general areas and 75% in difficult areas (J&K, Himachal Pradesh, Uttarakhand, North East including Sikkim and ITDP notified areas of the States), subject to a maximum of Rs. 50.00 crore is provided for setting up of Mega Food Parks.

Amount of Grant-in-aid provided to different states

Sl. No.	State	2008-09	2009-10
1.	Andhra Pradesh	5.00	-
2.	Jharkhand	5.00	-
3.	Uttarakhand	5.00	-
4.	Assam	4.46	0.54

Mega Food Park Scheme has been approved only on 11.09.2008.

(ii) Food Park Scheme:

The Scheme provided for a grant up to 25% of the project cost subject to a maximum of Rs. 4 crore in general areas. Higher scale of assistance @ 33.33% was admissible for difficult areas. The Scheme was in operation during 8th to 10th Plan periods.

Amount of Grant-in-aid provided to different States

(Rs. in crore)

Sl.	State	2007-08	2008-09	2009- 10#
1.	West Bengal	3.63	-	-
2.	Kerala	1.97	0.97	-
3.	Uttar Pradesh	0.81	1.00	-

4.	Karnataka	1.00	1.00	-
5.	Rajasthan	0.88	-	-
6.	Madhya Pradesh	1.00	-	-
7	Manipur	-	0.40	-
8.	Maharashtra	1.00	-	-

Food Park Scheme has been discontinued in the 11th Five Year Plan.

(iii) Cold Chain, Value Addition and Preservation :
Financial Assistance in the form of grant-in-aid @50% of the total cost of plant and machinery and technical civil works in general areas and 75% in difficult areas subject to a maximum of Rs,10.00 crore is provided in this scheme.:
Amount of grant-in-aid provided to different States:

S. No.	State	Grant released (Rs. in crore) 2007-08	2008-09	2009- 10
1.	Andhra Pradesh	0.00	2.44	4.88
2.	Maharashtra	1.08	2.59	7.50
3.	J&K	0.60	0.60	0.00
4.	Tamilnadu	0.00	1.51	3.02
5.	Uttarakhand	0.00	2.45	0.00
6.	West Bengal	3.55	0.00	0.00
7	Gujarat	0.00	0.00	5.39
8.	Haryana	0.00	0.00	2.46
9.	Rajasthan	0.00	0.00	3.66
10.	Bihar	0.00	0.00	2.50

(iv) Scheme for Modernization of abattoirs :
This scheme envisages a grant of 50% of the cost of the plant & machinery and technical civil works and other eligible items in general areas and 75 in difficult areas subject to a maximum of Rs.15.00 crores.

Amount of grant-in-aid provided to different states:-

S. No.	State	Grant released (Rs. in lakh) 2007-08	2008-09	2009-10
1.	Delhi	300.00	-	-
2.	West Bengal	128.73	-	
3.	Nagaland	-	143.75	-
4.	J & K	-	150.00	-
5.	Andhra Pradesh	-	147.90	-
6.	Himachal Pradesh	-	114.20	-
7	Bihar	-	109.72	-
8.	Meghalaya	-	-	150.00
9.	J &K	-	-	141.00

(c) The manner of disbursing grants under various schemes for Infrastructure Development is as under:-

(i) Mega Food Park:

Grant is to be released in 4 instalments of 30%, 30%, 30% and 10%. The 1st instalment of 30% is further divided into 2 phases of 10% and 20%. 10% is released on fulfillment of the conditions like incorporation of Special Project Vehicles (SPV), possession of land, execution of shareholder's agreement and establishment of Trust and Retention Account (TRA) and 20% is released after utilization of grant released, financial closure, award of contracts, sanction of loan component etc. Second, third and fourth instalments are released subject to the condition of utilization of grant already released and incurring of proportionate expenditure by the SPV and submission of utilization certificates.

(ii) Food Park

Grant is to be released in 4 instalments of 25%, 25%, 25% and 25%. For release of each instalment, proportionate expenditure by promoter, physical verification by State Nodal Agency and submission of utilization certificate are required.

(iii) Cold Chain, ValueAddition and Preservation

Ist instalment of 25% of the total grant under the scheme is released after ensuring that 25% of the promoters contribution and 25% of the term loan has been spent on the project.

2nd instalment of another 50% of the total grant under the scheme is released after ensuring the utilization of first instalment of grant and 50% of promoters contribution and 50% of term loan have been spent on the project.

3rd and final instalment of remaining 25% of the grant assistance is released after ensuring the utilization of the second instalment and 100% of term loan has been invested on the project and the project has achieved completion and commercial operation has started.

(iv) Scheme for Modernization of abattoirs : The grant is disbursed in four instalments in the following manner:

Percent of approved grant to be released	Condition to be fulfilled
10%	On submission of - # Certificate of possession of land # NOC from local body, # Surety Bond, # Letter of Scheduled bank in which Escrow account is maintained by Project Promoter # Affidavit in compliance of GFR 209(1) # NOC from State Pollution Control Board.
30%	On submission of UC of 1st instalment, Chartered Accountants Certificate certifying that 40% of equity and term loan utilized, Progress reports of project duly singed by PIA and Promoter, Submission of copy of purchase order of Main Plant & Machineries, Chartered Engineer Certificate of 50% Completion of Civil work out of total civil work, Inspection cum Verification report of PMA with recommendation for release of 2nd instalment.
40%	On submission of UC of 2nd instalment,Chartered Accounts Certificate certifying that 80% of equity and term loan utilized, Progress reports of project duly singed by PIA and Promoter, Details of receipt of main P/M/s- on the site, Chartered Engineer Certificate of 100% completion of Civil work, Inspection cum Verification report of PMA with recommendation for release of 3rd instalment. Clearance certificate from Environmental Agency.
20%	On submission of UC of 3rd instalment, Completion and declaration of start of commercial production.

(d) & (e): Infrastructure Development Scheme is for the entire country and not area or State specific. However, for difficult areas like J&K, Himachal Pradesh, Uttarakhand, North East including Sikkim and ITDP notified areas of the States, a higher level of assistance i.e. 75% of eligible component of project cost is provided under 11th Plan.